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C O N F I D E N T I A L SECTION 01 OF 02 BAMAKO 000697

SENSITIVE
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SUBJECT: NORTHERN DEVELOPMENT AGENCY SLOWLY RAMPING UP
PROGRAMS

Classified By: PolCouns Peter Newman for reasons 1.4 (b) and (d)

¶1. (SBU) The Northern Mali Development Agency (ADN) announced in July 2009 the start of its economic reinsertion program for Northern Malian youth who were participants in the 2006 rebellion. The program is starting with CFA 1.1 billion (USD 2.4 million) of a total CFA 22.6 billion (USD 50.2 million) projected to be spent over the next five years. The current extensive grant review process, however, may make it difficult for northerners to fully take advantage of the funds. ADN Director Mohammed ag Mahmoud has called on donors to increase development activities in the north in support of this program as well as other ADN development activities, such as microfinance and small dam projects.

¶2. (SBU) The ADN announced in July 2009 it would begin disbursing funds for its economic reinsertion program for youth in northern Mali. ADN Director Mohamed ag Mahmoud recently told the Embassy he expects this and other programs should start to have a concrete impact in northern Mali in the near future. The reinsertion program will target micro-enterprises and other small-scale social and economic activities. The program currently has CFA 1.1 billion (USD 2.4 million) to be allocated as small grants selected through competition. A total of CFA 22.6 billion (USD 50.2 million) is slated to be disbursed through this program over the next five years. Kidal will receive authorization for 4,000 projects, Gao will receive 3,000, and Timbuktu will receive 3,000. The program will be launched in Kidal first and then expanded to Gao and Timbuktu. Projects have a ceiling of CFA 700,000 (USD 1,555) and require an association of at least ten beneficiaries per grant.

¶3. (C) Ag Mahmoud explained that to submit an application for a grant, each beneficiary must present his/her birth certificate, certificate of residency, and official register of their association. This could present problems, since many people who live in the interior of Mali do not have birth certificates. If a person is older than 18, he/she must go to court in the main town of the cercle (county) in which he/she lives to process the paperwork through a judge. Once the applicants complete their initial paperwork, the dossier must pass through several layers, first going to the mayor of the collectivity, then to the county prefect, then to a commission that includes representatives from local councils and civil society, then to the governor of the region, and finally to the regional office of the ADN for final approval. Ag Mahmoud estimates that the entire process will take an average of two months, which seems optimistic.

¶4. (C) Members of the Alliance for Development and Change (ADC) -- the rebel group that started the 2006 rebellion -- have argued for a streamlined process whereby local groups,

still subject to the documentary requirements outlined above, would be able to apply for grants directly to the regional office of the ADN. Ag Mahmoud explained the longer process was necessary to weed out fraudulent and unfeasible projects.

Additionally, he mentioned that town councils insisted on the longer process so as to have a greater role in selecting the projects and had sought support from the European Union (and Western European embassies) in this cause.

15. (SBU) Although the reinsertion payments are the most visible, the microcredit and infrastructure development projects could produce the greatest benefit for the northern communities. The ADN currently has two microcredit bureaus in Kidal and five in Timbuktu. It plans to open four in Gao in the next year. Each bureau is supposed to have CFA 60 million (USD 133,333) start-up capital and will raise further funds through interest charges and by accepting savings deposits. To date, Ag Mahmoud claims the loan failure rate has only been two percent, even at the current 12 percent interest rate.

16. (SBU) The ADN also plans to build eight small dams in Kidal to tame the seasonal rivers that provide most of the water to the sparse pasturelands of the region. Five sites have been designated. Because underground spring water is scarce in Kidal, Ag Mahmoud believes that creating small reservoirs behind these dams could significantly improve the water supply. To augment these projects, the ADN plans to provide CFA 7 billion (USD 15.6 million) to the Kidal Regional Assembly for additional infrastructure development.

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17. (C) Ag Mahmoud said that the GOM and the northern regions have a negative perception of what they see as Western donors' excessive focus on security affairs. To achieve long-term stability in Northern Mali, he asserted, the youth needed to be given options beyond smuggling. Increased investment in education and infrastructure is needed to give youth some hope of a better life. He contended the northern regions of Mali are safe for development work, as reflected in the UNDP's upgrading of Kidal's security rating from Zone 3 to Zone 2, and called upon the United States and other donors to reengage in development programs in the north.
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